Ontario

News release

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Ontario Treasurer Frank Miller's 1982 Budget provides $600 million to create jobs through a major tax cut for small business, a direct job-creation program, help for new home buyers and tax relief for manufacturers from the damaging provisions of the federal budget.

In today's Budget statement, Miller also proposes that pay raises for MPPs and senior civil servants be held to six per cent.

The Budget removes certain sales tax exemptions, raises OHIP premiums and hits smokers and drinkers with higher costs. Miller says the revenue is needed to make up for lost federal grants and to pay for higher health, education and other program costs.

He says the overall aims of his Budget are to create employment, restore confidence and maintain financial responsibility in government.

SMALL BUSINESS

Noting that in recent years small business has generated over 50 per cent of new jobs in Ontario, Miller has abolished, for two years, the provincial corporation income tax on small business.

This provides $250 million worth of tax relief to 60,000 small businesses in the first year of the tax cut.

"We are saying to small business people that there is one government that believes in them and in their desire and ability to succeed and to create jobs for our people."

HOME OWNERSHIP

To stimulate housing construction jobs and provide relief for tight rental market conditions, renters may now receive interest-free loans of up to $5,000 to buy a newly-built home.

The $75 million Ontario Renter-Buy Program will run from May 14 to October 30 this year. Price limits for new homes qualifying under this program are $115,000 in and around Metro Toronto and $90,000 in the rest of the province.

JOB CREATION

Under a special job-creation program Miller will speed-up provincial capital work projects such as repairs to public buildings and roads. Funds will also be available to municipalities and school boards to carry out similar work. This program is expected to create about 14,500 short-term jobs and to cost $133 million.

Ontario's youth-employment program will get a 14.2 per cent increase in funding to create nearly 93,000 jobs for young people, 8,000 more than last year. The total cost will be $91 million.

Miller will create more farm jobs through a new Farmstead Improvement Program and a 26 per cent increase in tile drainage loans. He expects 2,100 more rural jobs at a cost of $11 million.

The province will also set up a $15 million Co-operative Projects Employment Fund to pay for joint projects with the federal government, with a target of 6,000 jobs. Miller says it will fund more initiatives like the Accelerated Forest Improvement Program and the Mining Special Employment Program.

GOVERNMENT RESTRAINT

Miller has announced a six per cent guideline for salary increases for senior civil servants.

He also calls upon his fellow Members of the Legislature to show similar restraint by rejecting the nine per cent salary increase for MPPs recommended by the Election Expenses Committee of the Legislature and accepting a six per cent increase instead.

INCREASED REVENUES

Miller says the federal decision to cut back Ontario's grants by almost $300 million this fiscal year posed a major problem in drafting the Budget.

To make up for these cutbacks, Miller's Budget removes a number of retail sales tax exemptions to raise some $230 million in additional revenue.

As a result, tax will now be collected on certain household cleaning and personal hygiene products, pets, plants, building materials purchased by municipalities as well as other public bodies and magazines sold through retail outlets.

However, sales tax exemptions for conversion kits and licenced motor vehicles using alternate fuels such as propane and compressed natural gas will be expanded to include those with dual-fuel capacity.

The labour content of repairs to automobiles, appliances and televisions will become taxable and the exemption for candies and confections will be adjusted from 49 cents to 20 cents. More snack foods, such as potato chips, will be taxable.

These changes become effective May 14.

All take-out food and restaurant meals will now be taxed at the seven per cent rate. This will add $110 million to public revenues. However, tourism and the convention business will get a $10 million boost with the sales tax on accommodations being reduced from seven to five per cent.

These changes take effect on June 14.

Miller also has announced that OHIP premiums will go up by $4, to $27 a month, for individuals and by $8, to $54 a month, for families. He notes that health costs rose 18 per cent last year and cost pressures are continuing.

Miller points out that 70 per cent of premiums are paid by employers while many people such as senior citizens pay no premiums at all.

The new premiums, which go into effect in October, will provide $170 million more for health care. Miller noted that OHIP premiums now pay for about one dollar in every five going into the provincial health care system. The rest comes from general provincial revenues.

Drinkers will pay about 25-30 cents more for a 25 ounce bottle of liquor and 15 cents more for a large case of beer. Smokers will pay about 3½ cents more for a pack of 20 cigarettes. Together these increases will add $57 million to provincial revenues.

Tobacco taxes go up immediately while alcohol will not go up until May 25.

Ontario's system of motor vehicle registration will be revamped in 1983 so that people can renew during the year and not have to line up every February. Auto licence fees will be $48 in southern Ontario and $24 in the north and $72 for light commercial trucks.

INVESTMENT

Miller re-states his concerns that certain corporate tax measures proposed in the November federal budget have had a negative effect on Ontario's manufacturing industries and have discouraged private investment and job creation.

Ontario will not change the capital cost allowances in the year of acquisition or alter the definition of resource income for depletion purposes. Further, there will be no change in the existing reserve provisions on the disposition of property.

Miller says the province will forgo an estimated $135 million in potential revenue by not adopting the federal proposals which he believes would damage employment and investment prospects in Ontario.

He also criticises the federal government for its lack of interest in promoting private investment.

Miller says he strongly recommends to Ottawa that a program be instituted to provide substantial income tax incentives to purchasers of common stock.

FISCAL PLAN

In concluding his remarks, Miller notes that under the Budget, provincial expenditures will increase this year by 11.6 per cent to $22.7 billion, while taxes and other revenues will rise by only 9 per cent to $20.5 billion.

The result will be an increase of $672 million in net cash requirements which will raise the provincial deficit to $2.2 billion, a level that will help to stimulate the economy and create jobs.

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